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TRANSPORTATION COMMITTEE

Testimony of State Representative Ed Jutila, 37<sup>th</sup> District

In support of S.B. No. 1117 AN ACT CONCERNING THE TAXATION OF DIGITAL DOWNLOADS, BOATS AND MARIJUANA,  
AND EXPANDING THE TAX CREDITS AVAILABLE UNDER THE NEIGHBORHOOD ASSISTANCE ACT.

Finance Revenue and Bonding Committee Public Hearing

Monday, March 18, 2013

Chairman Widlitz, Chairman Fonfara, Members of the Finance Revenue and Bonding Committee, for the record I am State Representative Ed Jutila of the 37<sup>th</sup> District, which comprises the towns of East Lyme and Salem.

As a legislator representing a shoreline district, I am here today to testify in support of SB 1117, specifically in regards to Sections 5 and 6 which would repeal the additional 0.65% luxury tax on the sale of boats costing over one hundred thousand dollars.

The maritime industries are extremely important to the viability of the Connecticut economy. It is estimated that total economic activity arising out of Long Island Sound is over \$5 billion dollars a year.

As it turns out, the additional luxury tax on boats has only resulted in an additional \$69,544 for the entire Fiscal year 2012 based on numbers received from OFA. Below is the actual data for sales tax revenue generated in FY11 (the year before the luxury tax went into effect) and FY12 (the first year the luxury tax was in effect).

Fiscal Year	Category	Total Tax Due	Tax Due at 6.0%	Tax Due At 6.35%	Tax Due at 7.0%	Luxury Tax Rate Breakout	
						6.35% (Standard Rate)	0.65% (Luxury Increase)
FY12	(441222) Boat Dealers	3,125,088	33,849	2,342,298	748,940	679,396	69,544
FY11	(441222) Boat Dealers	3,034,291	3,034,291	-	-	-	-

There is evidence that I expect representatives from the industry to present that the luxury tax on boats has actually suppressed boat sales, resulting in a loss of revenue to the state.

It is evident to me that rather than imposing additional taxes on the sale of boats, we should be looking for ways to stimulate sales. Given the mobility of boats, potential buyers have options in terms of where they purchase and dock their boats. Although it is impossible to determine how many sales may have been lost to other states due to the tax, it certainly has done nothing to boost an important Connecticut industry and the jobs associated with it or generate any significant revenue for the state.

I can understand and appreciate that there is reluctance on the part of the Committee to reduce or eliminate any tax as our state continues to struggle with budget deficits. In this case, however, we could both help an industry that is trying to fight its way back from the turbulent economic times of the past few years, and preserve jobs, while potentially achieving a net increase in revenue for the state.

Thank you for this opportunity to testify here today and I would be glad to answer any questions committee members may have.